

# Ownership

The type of ownership for the business will be a partnership. This is the most obvious choice as there are two people involved, my business partner and me. A partnership can involve between two and twenty partners allowing for further expansion and more financial backing if needed. The partnership would be owned in a ratio of 60:40, me owning 60%. This means we would share the cash input and profits and losses in this ratio, which is bad in the short-term for me, but hopefully good in the long-term. A partnership brings additional expertise from all the partners. A formal partnership agreement would have to be drawn up to settle any disputes. The problems with a partnership are that there is unlimited liability meaning that it is possible to lose personal possessions e.g. car and house, and that there is limited cash input. Cash would only be available internally and with loans. The alternative was a private limited company (Ltd.) which would have a larger financial backing and limited liability to the value of shareholding, but in the long-term there is less profit and less control when shareholders come in to the plan as well as high set-up costs. Limited companies also have to pay more tax.

## **Name**

The name for the business that I have decided on is EuropaTours, this conveys the message that the company operates in Europe and it also illustrates tours which can be linked to coach tours as this is the most obvious one. Added to this, the name is quite comprehensive in a number of European countries e.g. Germany, should the business wish to expand in to other countries.

## **Aims and Objectives**

The main aims and objectives of the business are:

### ***Short-term***

- To survive and break even (Year 1)
- To cut in to the market and build a good reputation by providing a reliable and efficient service (Year 4)

### ***Long-term***

- To expand to a public limited company and widen the range of services (Year 10)
- To be able to compete well with competition and own a large market share of the British market (Year 15)
- To possibly expand to European markets e.g. set-up in Italy (Year 25)

## **Staffing/Training**

Initially we would need one tour guide to help customers to cope with difficulties and show customers sites and instruct with shopping tours. They will also be required to serve refreshments on trips. The tour guides will have previous experience and preferably knowledge or qualifications in foreign languages and will also need 5 GCSE's with experience being preferable. They will need to be young and enthusiastic to portray the company's image. The coach hire company provides the tour guide on hire contract and we will have to cover any additional training costs to make the guide familiar with foreign languages and cities and sites. Training would be off the job at a special training centre for 2 weeks. Ideally there would be an intensive training course for longer, but this would be hard to budget with limited finances. As the business progresses and expands more tour guides will be needed and eventually if the company expands and buys its own coaches, we will have to cover salaries and training.

Initially we will need two coach drivers to drive two coaches. According to EU regulations the driver can only drive for five hours at a time before a 45 minute break and would need a PSV licence. For this reason and for passenger comfort we will take breaks every two or three hours. The coach driver will

require knowledge of European roads and will need previous experience and training in basic foreign languages if not already qualified. The coach driver will come as part of the tour with the coach hire company also, on hire contract. This will give an experienced driver with insurance cover provided by the hire company.

Myself and my partner will operate the phones for telephone bookings as well as run the business, when trade increases we will be able to employ someone to operate the phones. Eventually my partner and I will not have to deal with bookings, we can concentrate on marketing and expansion. An electronic Central Reservation System will be required to record and arrange bookings efficiently.

### **Links with other businesses**

## **Banks**

Banks would give us advice on setting up and expanding the business, as well as other queries. Accounts would be with HSBC. They would provide a favourable loan as well as bank accounts to suit our needs as well as overdrafts.

### ***Coach Hire companies***

Initially we would establish links with Astra and Eagle Line Travel. They would provide a driver on their own insurance cover along with a luxury bus. Coach hire is expensive in the long-term compared to coach leasing, but no companies would lease out their coaches, which is a restraint as it would save money to lease. They would offer EuropaTour the following services for £370 for each day of use:

Two drivers

55 seats (or more if required)

Washroom and toilet

Tour guide

Armchair recliner seats

Individual lighting and ventilation

Television and video

Low emission fuels

Transfer, toll and ferry costs covered

EU approved seat belts

### ***Hotels***

We would begin by offering two destinations, summer and winter ones. To make life easier calculating costs and figures, I will concentrate on the summer destination, Paris. The Montolon hotel, Paris, offers double rooms (as with all travel companies, there is a supplement for single rooms) for a reduced rate of 450FF/day (about £45) including breakfast, dinner, private bathroom, TV, telephone and minibar. The guestroom also offers air conditioning, private safe, satellite television and a bar. Obviously as there is a different currency prices can fluctuate if the pound changes. If the pound gets stronger then prices will go down, if the pound gets weaker prices go up. To cater for this change we will have to increase the price slightly to allow for changing markets. When the Euro comes in to use eventually we will be able to set a price without allowing for changes in the pound, as there is no currency risk. With increased growth our business would look to expand to different levels of quality, offering better hotels and more luxury for a higher price as would we be offering basic rates for Bed and Breakfasts.

### ***Insurance Companies***

We would establish links with various insurance companies. Northern Star would offer travel insurance for £7 per person if there were one person under the age of 16 and over 20 people. We could offer a slightly higher price to

the public and gain some profits. They would also offer material damage and theft insurance for £120 p.a. Natwest would offer the compulsory employers liability insurance for £200 p.a.

### **Sources of Finance**

A bank loan will be initially available to the business. This provides a lump sum that is repayable with monthly instalments, which would make setting up easier in the first two years. A fixed interest rate will be supplied making the repayments more costly in the long-term, but provides capital for start up costs and will help with the initial losses. HSBC would offer a loan of £10,000 at 11.9% APR over a period of 36 months at £328.80 a month. Total repayment would be £11,836.60 meaning a long-term loss of £1,837. This is quite substantial, but allows for the business to be able to set up and market adequately. Security would have to be provided against personal property such as a house, but if no security can be offered then the DTI can help if the loan request has failed due to no security, and they will, upon review, offer 70% security on the loan.

Companies providing links with our business may be able to give trade credit. This is a form of free credit which companies give to improve the flow of money for up to three months, if money is paid late suppliers may not be willing to supply goods in the future, or may insist on cash in advance. Astra and Eagle Line Travel will offer us 30 days free trade credit of £2,000. Considering that they are paid £1,850 for each 5 day journey, this is adequate to allow us to get money together for payments in times of hardship.

Leasing provides a form of medium-term credit. The business will be able to rent out coaches as well as lease property. Coach prices are £370 for each day of use and property would be acquired in London for £542 a month. These costs are instead of costs like £100,000 for a coach and £60,000 for property.

Hire purchase is a form of medium-term finance. As the business grows we will want to buy our own coaches and we can obtain a form of credit by giving an initial down-payment and then paying in instalments over an amount of time. The cost is then spread out over a period of time and more manageable. Goods are our property once the final instalment is paid creating problems if any of the instalments aren't paid causing companies to repossess their goods. This method of payment is also quite costly in the long-term, but offers an easier form of payment.

Personal savings would also be available for this business. Capital would be at risk causing more personal debt if the business fails. However, it also shows the bank that I am willing to invest in the idea, increasing chances of loans. I would be able to provide £1,500 while in the ratio 60:40, my partner could provide £1,000.

As the company begins to start earning profits, money can be reinvested after debts are paid off. This long-term finance is ongoing and continually funds business internal growth. This growth, however, will be quite slow and profits will be scarce in the first two years.

Government help may be available from local authorities, government enterprise agencies and regional selective assistance. The procedures take a long time and most of the assistance is only available for companies employing substantial numbers of people. Capital is available, however, for smaller businesses, especially from the Prince's Youth Business Trust as well as local councils.

Interest can be earned for money paid by customers and from VAT which can be stored in a high interest bank account until the amount has to be paid.

A £500 overdraft would be available from HSBC. This is a short-term form of finance, but it costs a lot due to high interest charges until the amount is paid back. The amount for overdraft may be negotiable in the future depending on EuropaTour's record.

### **Location**

The market is all over mainland UK as it is too difficult to pick up customers from Ireland. We would therefore be required to begin picking up customers from the North, probably Scotland. The company office has no particular location restrictions, as most bookings will be done through travel agents or by phone. Labour is not particularly skilled so location in business parks or close to universities is not required. The business would need to locate in an area with fairly cheap rents initially, but if possible have well presented offices to promote the company's image. This way costs could be minimised and it will be easier to break even over the first two years. A small office would be necessary, as sales would be mainly by telephone so a publicly visible shop is not needed. If the premises is well maintained and organised then any customers walking by would be attracted to the initial impact of the company image. Workspace offers the Alpha Business Centre, a ground floor unit with 76 metres squared at £542 per month including service charges. The site has 24 hour access, on-site parking, 24 hour security and CCTV, an onsite manager, a reception including message taking services and a conference room. It is located 30 minutes by underground from central London. It is located a couple of minutes from two underground stations as well as road access. Being in London gives a good image

## Business Advertising

- To inform people about your business
- Introduce products into the market
- To gain customers/increase sales
- Create a memorable image

The main aim of the advertising that I do for my shop will be to attract customers and to increase my sales.

The different methods of advertising are listed below:

- Television – This will get your business across to millions of people. However it is very expensive and since my shop is only a local shop, and television shows adverts to people all over the country, the advert would only be applicable to a tiny percentage of people watching and a waste of money.
- Radio – This is a cheaper method of advertising than a television advert. Also I could place an advert on local radio for a small cost and it would go out to people all over the local area.
- Leaflets/Posters – These would be a good idea, since they are very cheap to produce and you can place them anywhere in the local area, or hand them out to people. However people may ignore the adverts, and if I was to produce posters then detailed information could not be placed on them because they would only be seen for a short amount of time.
- Magazines and newspapers – If I were to place an ad in the local newspaper I know that this would be seen by people all over the local area. It would also be a fairly low cost. However the disadvantages are that readers do not always look at the advert, and if I were to show an ad in a newspaper then it would be limited to black and white.

In conclusion, I have decided just to place an advert in the local newspaper for my shop, and a poster in the window of my shop. This way it would be seen by a lot of people and it would be more relevant to them all, living in the area. Having a television advert would be a waste of

money, since the number of customers it would bring would probably not make the advert worth the setting up costs. A radio advert isn't a good idea, since it would take some time to make it and people are likely to forget it once they have heard it. The same goes for posters. The advert I have designed is shown on the following page. It is in black and white and fairly small so that it will not be costly to run in the newspaper. On the following page is the poster I plan to show in the window of my shop, this poster can also be produced in colour.

## Business : Money flows

This is the flow of all money, both into and out of the business. When bills are paid or stocks are bought, the money flows out, but when the products are purchased the money flows in. Bills cannot be paid if there isn't enough money flowing in.

Poor cash flow means that you have not got enough money in your business to meet day-to-day expenses and costs. This could cause problems for you, such as:

- Staff not being paid on time – This will make them annoyed, since they have bills to pay of their own. They may leave.
- Bills not being paid on time – Some companies may not wait for you to pay them, and may take legal action against you. If you can't afford to pay the bills still you could be declared bankrupt/in the case of a sole trader forced to sell possessions, and forced to stop trading.

You can create something called a cash flow forecast, to help you to anticipate when there might be a lack of money, when an overdraft may be needed to get through the month.

Estimating the cash inflow, outflow, and calculating your bank balance at the beginning and end of the month create a cash flow forecast.

You have to guess at what time of year your product would not do so well, for example books may sell better in the summer months when more people go on holiday and buy books to read whilst they are away.

I am not going to create a cash flow forecast for my business, since I don't think I have enough information to estimate the above things, and I don't really think books sell a substantial amount more at any particular time of year.

## Health and Safety at Work

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When I read through the various health and safety leaflets that the council have sent me, I discovered that I shall need to comply with the following health and safety rules:

Health & Safety at Work Act 1974, Section 2

- Employers have a general duty to ensure the health safety and welfare of their employees at work.
- The workplace should be ventilated, and fresh clean air should be able to enter. Warm humid air should also be removed by ventilation.
- The temperature in the workplace should be at least 16°C.
- There should be sufficient lighting so people can work and move around safely. Lighting/fittings shouldn't create a hazard.
- The workplace furnishings and fittings should be clean, as should surfaces of walls floors and ceilings.
- Shelving should be of adequate strength and stability for things to be placed on it.
- Sanitary conveniences and washing facilities should be provided. They should be clean, and well ventilated and lit. There should be running hot and cold water, and a means of cleaning and drying.
- There should be drinking water provided.
- Rest facilities should be provided.

It should be fairly simple for me to comply with all these rules; since my shop has living space above it will definitely have drinking/cleaning/resting facilities. There will also be water and sufficient lighting, because I will pay the bills so they are not cut off.

## The Need for Communication in Business

I have been assigned to solve a firm's communication crisis after the purchase of a new production site 50 miles from London. The company employs 120 people. This has led to split between the staff and workers. The two diagrams show how the business will configure its communication before and after the change.

Network chart before change:

Administration  
Director

Human  
Resources  
Director

Production  
Director

Marketing  
Director

Finance  
Director

**Managing Directors**

**Board of Directors**

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**Network chart after change:**

Human  
Resources  
Director

**These diagrams show the differences  
before and after the company has split**



**and moved away to different locations. The diagrams show the hierarchy level of how the directors stand against each other and also the span of control. Each director will not have easy access to another director due to the distance of each site.**

Good Communication is extremely important in any business, without it there is not much point. Having good communication between the managers, directors, workers and others is necessary so that goals can be achieved and that everyone will have good understanding between each other.

**"Communication** – social intercourse, the science and practice of transmitting information."

□ Oxford Concise Dictionary

**"Communication** – messages passed between a sender and a receiver through a medium such as a letter or a fax."

□ GCSE Business Studies SE

**"Communication** is the process of sharing ideas, information, and messages with others in a particular time and place. Communication includes writing and talking, as well as non-verbal communication (such as facial expressions, body language, or gestures), visual communication (the use of images or pictures such as painting, photography, video or film) and electronic communication (telephone calls, electronic mail, cable television, or satellite broadcasts). Communication is a vital part of personal life and is also important in business, education, and any other situation where people encounter each other."

□ Encarta OnLine

**"Communication** takes place when one mind acts upon its environment that another mind is influenced, and in that other mind an experience occurs which is like the experience in the first mind, and is caused in part by that experience."

□ Britannica OnLine

**"Communication** – If there is no communication in the business, there is not much point of running it."

□ Elizabeth Tonogbanua

All businesses have objectives and targets which all must be fulfilled. The main goals of businesses include pleasing customers and obviously gaining money. These can only be done with support from every member of staff and help from suppliers and allies.

With poor conditions of interaction in a business, nothing will be achieved. For example, if an order placed through requested a certain amount of an item and the order came through with less than required, then you'll have a weary customer. This would damage the business' reputation and trust from the customer. With perfect or adequate communication between staff, problems like these are certain not to happen.

There are several ways how people and businesses interact with each other. Here are a few of these methods.

Talking to **people** is the easiest way to interact with one another. This can be done by verbal communication face-to-face. During meetings and gatherings people express themselves with their body language and tone of verbal language.

This way everyone can understand what exactly is going on because it is immediate and straightforward.

Most messages and notes are placed on **paper**. Sometimes whenever someone is unavailable, a written message is left for him or her. Telephone messages are recorded on paper then passed on to the recipient.

Most long messages are sent **electronically** via e-mail or fax. Sometimes documents can be attached to e-mail with a message or vice-versa. It's not just e-mail that is involved in electronic communication, it also involves faxes and telephones. Messages can be passed on verbally via telephones or intercom. Some computers are programmed through a network with instant messengers. You can have a written conversation using these. You also have a choice of talking within a group (conference) or privately (PMs).

Each method is used in a relative way compared to what the task is, whether it is internal or external. Internal Communication includes verbal communication, e-mail, memos, intercom via telephones, computer network, notices and messages, and also through meetings. External communication includes fax, telephone, mobile, pager, video conferencing, the Internet, e-mail, and through a computer network.

We call communication that takes place indoors **internal communication**. This involves verbal interaction, e-mail, written memos, intercom or telephone, through a network, notices, and obviously at meetings.

When conversations between staff occur during meetings or small gatherings in different areas, we call this **verbal communication**. One advantage of talking is because it is immediate and straightforward. One disadvantage of this is that there is no record kept of the conversation.

**E-mail** can be classified as internal as well as external because mail can be sent anywhere as long as it is to a specified address of another staff member, for example, too far to reach within the building. Once e-mail has been sent, it should be received straight away. This is a convenient way of sending long messages or documents. One bad disadvantage of using e-mail is that you can receive viruses and maybe send them accidentally. This would give the firm a bad reputation. Another problem is that you need a computer or a device that is able to send and receive e-mail; this might lead to a large amount of money being spent on machines.

**Written memos** and **notices** are mainly short messages or notes on paper.

Whenever someone is unavailable then the message is written on paper. These aren't as reliable because you'll never know when the recipient will come back.

**Telephones** are the easiest way of communicating within a building. Calls can be transferred from one department to another via **intercom** to provide help and service, as long there is a phone around.

Through a **network** you can access your work from any computer on the network. To keep your work private and safe passwords are necessary. Some computers are programmed with instant messengers where you can chat to each other using these. One disadvantage of having a network is that thousands of pounds will have to be invested for buying computers. The other great danger of using a network is that data put into the network may not be safe. There may be a lack of security in the system. If another party get hold of someone's data, the Data Protection Act would be violated.

**Meetings** take place when necessary, normally when scheduled. These are conferences between the top of the hierarchy.

When the company communicates with another party other than the firm, we call this **external communication**. This involves fax, telephone, mobile phone or pager, video conferencing, e-mail, through a network, and also the Internet.

**Fax** is a way of sending forms and documents all over the world via telephone lines. Documents come in clear but can sometimes take their time. Fax can authorise documents with a signature. The sender and receiver must both have fax machines. Fax machines are relatively cheap, as there are different ways of communication emerging. Fax machines are quite expensive depending on quality. To have one machine in each department would be a heavy cost.

**Mobile phones** are the latest trends in technology with nearly every businessman having one. Verbal interaction can be received and sent whenever as long as there is network coverage. People can also communicate by sending each other text messages (SMS). **Telephones** are used everywhere and still is the most used method of reaching someone far. **Pagers** can only receive messages. These are very efficient when a supervisor is unavailable because you can chat or text them whenever necessary.

**Video conferencing** is a good way of dealing with a meeting where members are unable to attend. By the aid of cable connections members can speak and hear clearly with each other. One great disadvantage to this is the cost of holding a meeting on-line, but it is cheaper than travelling from different locations. One issue concerning video conferencing involves the use of VDU equipment. This equipment must be operated and positioned at the correct expense. There must be breaks in between usage. The 1993 General Application Regulations require employers to carry a risk assessment of the VDU workstation. For those who use video conferencing frequently should have eye tests provided by the company. This issue is taken from the Health and Safety Act.

**The Internet** is an interactive network provides a range and variety of web sites, including email. You can use video conferencing through the Internet provided you have the right hardware and software. There are already programs such as NetMeeting, which allow you to do so.

The Internet is also available on WAP (wireless application protocol) phones this allows mobile phone users to connect to the Internet via their mobile phone. Information can be given and received via e-mail and from web sites. You can interact using instant messengers or through a variety of chat rooms. One disadvantage of the Internet is that hackers could make their way through the firm's database without authorisation. This would evade the Data Protection Act. Documents and graphics can be sent through **e-mail**. They are then received straight away after sending. If you are through a **network** you can access your work and e-mail anywhere on a computer, which is part of that network. One disadvantage of using e-mail is that if the server brakes down you will not be able to send or receive your mail.

The Data Protection Act controls the way information is passed on computers. The Act refers to data users (the person who stores data) and data subjects (anyone who has information stored by the data user). This Act created Data Registrars (who makes sure that the Act is enforced) and a Data Protection Tribunal (where people may appeal against the Registrar's Decision).

Nobody is allowed to store and use personal data unless the Data Registrar has granted them permission. Those who wish to apply must state what data they are storing and what it will be used for; after the application has been accepted it can now be placed in a Data Register where everyone can see. There are some exceptions for other data such as payroll for 'national security' purposes.

These are the main guiding principles:

- Data must be obtained fairly and lawfully.
- Data must only be held, disclosed or used in the way it has been registered.
- All data must be accurate.
- People must be able to have their own information disclosed if they request. If data can be proved wrong, it must be deleted or changed.
- Data users must protect and keep all data they hold.

These are some of the exemptions from the Act:

- Doctors, police and tax authorities, who do not have to show data subjects they hold, are exempt from the restrictions on closure.
- Data can be withheld for 'national security' purposes.
- People do not have to register as data users if data is only to be used for recreational or personal use.
- Companies do not have to register if data is used for routine purposes.

After the Data Protection Act was issued in 1984, it has changed the way data is stored and passed on today. The Act has its strengths and limitations as well as any other Act.

Two advantages of this Act is that it sets a limit to the operation of people who use data and also it gives a number of rights to data subjects.

The disadvantages of using the Act are: the Act only deals with computer data and not paper files; it is difficult for people to find out who is storing data about the,; data subjects cannot complain about uses or disclosures of data if the data user is registered for that use; data subjects can only complain if about the inaccuracy of the data if they have 'suffered damage' from it; and also data can only be held for 'national security' purposes so that people cannot gain any access to it.

To gain some knowledge about communication methods I spent two weeks at WHSmith. I produced questionnaires for various members of staff. I chose to use questionnaire rather than survey or observation because I think that the others aren't as reliable as a questionnaire. By using questionnaire, I can have direct contact with the member of staff. If I used a postal questionnaire or survey I wouldn't be able to gather different views or any expressions. Not a lot of people respond to postal questionnaires. More people would take part in interviews or even telephone interviews. I had direct contact with the respondent so I was able to correct them and also tell them how to answer the question. I was also able to collect the right information needed. Questionnaire involves the member of staff's own opinion. Other opinions can be collated to gather a good review of the firm's methods.

My opinion was that the company would use e-mail and telephone calls for quick and easy access between the directors and staff.

The company would be able to use telephones to keep in-touch with their customers and also other firms. Telephones are very common and quite cheap with calls from 1p a minute. Telephones are the easiest form of communication to use. Each phone has a different identity number (telephone number).

Communication can be received just seconds after a number being dialled.

Telephones are very reliable and efficient because calls are made manually.

E-mails could be used to dispatch frequent orders to staff as well as their partner companies. The e-mail service could also be used as a newsletter to their customers. E-mails can also be received seconds after being sent. Most e-mail networks have user names and passwords so that the information sent to you is private and classified. To send e-mails, all you have to do is write the e-mail address, and include the text, diagram, application, etc. and then send. It is that easy to use e-mail. E-mail is quite reliable but there are some cases when servers break down where the e-mail cannot be sent, and therefore cannot be received. Another problem is manual error when typing email addresses.

From the questionnaire I took to WHSmith, I have realised that the method they use suits the business perfectly. They use telephones to reach customers and other branches to enquire about certain products. They also use fax machines to dispatch orders directly from suppliers. There is an intercom linked through all the phone lines. This is very effective as the managers and supervisors carry mobile phones, which are connected to the intercom. There is a phone in each department meaning that there will always be someone to answer your call. On average the High St Kensington branch spends £130,000 per year. They are

considering starting up an e-mail service for their customers after the launch of their web site, [www.whsmith.co.uk](http://www.whsmith.co.uk).

The graph shows how much a branch from WHSmith, Virgin, Arnold & Porter, and J Sainsbury would spend on average per year.

All the research has contributed to my opinion of communication they should choose. I recommend that they should use intercom within the two sites for instant communication. They could have similar communication compared to WHSmith with the supervisors with mobile phones connected to the intercom and also a telephone in each department of the site. The intercom is only used internally. In the computer network, they could have a programmed instant messenger to send messages throughout the network. This will be active in only one site. Because all directors are indoors, it is obvious that they can have verbal conversations. When a member of staff is unavailable, they can leave written memos or short messages.

The two sites can contact each other by telephone where they can have conversations directly to each other. They can also use e-mail as it can be sent and received instantly. The two sites can have meetings by using video conferencing.

In order to contact other businesses they could use telephone to have a verbal conversation or fax machine to send and receive everything on paper. This can also be done using e-mail. By using e-mail, it is possible to send and receive reports and orders. Application forms can be sent and received via fax or e-mail. Depending on how often they communicate with others I would estimate that the average cost per year would be in the range of £110,000 to £155,000 . I think it would be necessary for the employee to be trained how to use e-mail and Internet connections. It would also be necessary to teach the employee how to use instant messengers on the computer network.

The facts show that telephone is the most popular, easiest and user-friendly compared to any other method. By using telephone, they can also create an intercom within the premises. One disadvantage to using intercom is that it can only be used internally. To solve this problem, senior workers should have mobile phones provided by the company. Other members of staff should be provided with pagers or even mobile phones. By using mobile equipment, intercom wouldn't just have to be internally but also externally. One downside of this strategy is the cost of supplying every worker with mobile equipment. For those who are stable throughout their working day, if the network were provided with an instant messenger, not all workers would need mobile phones or pagers.

I chose to use e-mail rather than fax because it is more reliable, efficient and trendy. Both use telephone lines and both cost money. They both have different strengths and limitations from each other. E-mail can be sent and received over the Internet and WAP enabled phones. There are no stamps or envelopes needed and it's all free. One great advantage of using e-mail is that it can be sent and received wherever, whenever. Once sent, it will be received straight away. One bad effect of using e-mail is that depending on the size of the e-mail. The download time of the mail will depend on how large the mail is or the speed of the connection. Through e-mails you can send documents, graphics, programs, music, etc. E-mails are popular towards businesses because they are used for newsletters in a way of being loyal to customers as well as advertising. To use e-mail all you need is the Internet, WAP enabled phone or even an e-mail phone. One bad disadvantage of using e-mail is that if the server breaks down, no e-mail will be able to be sent or received.

To use fax, you must have a fax machine. These are quite expensive but they all differ in price and quality. Fax machines also require ink. These machines also send documents all over the world as long as there is a fax machine. It does take time to scan the document as well as sending it. Sending fax may sometimes be unreliable because of manual error. Digits maybe miss-typed. This may happen in

e-mail where the e-mail address maybe miss-typed. Fax is normally used for business use rather than personal or commercial use.

When meetings are held between the two sites, I insist that they use video conferencing. It takes place over telephone lines. Each must be supplied with a television and also a camera for video conferencing to be possible. I don't think there is any other suitable alternative to video conferencing at this moment. My decision is that the company should use telephone, e-mail and video conferencing.

I believe that my suggestions should satisfy the firm excellently. I don't see a problem growing from any of the two sites. I think that my suggestions have solved the problem over the two sites. They can communicate effectively between each other by using telephones to interact verbally, to use e-mails to keep up-to-date with each other or to send and receive forms or reports and to use video conferencing when holding meetings to prevent travel costs. Within the sites they have telephones connected on the intercom so they can all keep in touch. They will also have the instant messengers installed on the computers. When communicating with other businesses or customers they would still be using telephone, fax and e-mail. They would call and receive calls through telephone from customers to have a brief word. They would use fax machine to dispatch application forms and other documents and also receive them, these can also be done using e-mail. E-mail is more efficient because there is no limit of how much you can send and also that once sent; it will be received straight away.

After two weeks of observation at WHSmith, I have learned that there are various methods of communication depending whom the correspondent is. This has played a part on my recommendations. I have found out that most orders are placed through fax rather than telephone because of costs. There are several departments at WHSmith and they use intercom, so this has influenced me to use an intercom to link all the departments via telephone. I would also recommend that the senior members who are frequently outside the premises should carry around a mobile phone to keep in touch. The Internet has played a major part in businesses lately with many of them having their own web site and their own e-mail address. This has persuaded me to include e-mail as one of my suggestions in communicating internally as well as externally. These Internet connections can even hold meetings on-line by using web-cams. This is a way of video conferencing. I decided not to select postage as part of communication as it can take up and waste a lot of time. Costs are quite expensive compared to free e-mail because all you pay is the phone bill, the postage costs also depends on what you are sending and where you are sending it to. I had to reconsider selecting e-mail as part of my recommendations because sending and receiving documents over the Internet are risky. Personal information or secret information could be stored on the e-mail, and with hackers and viruses floating on-line which could evade the Data Protection Act. This is one of the disadvantages I had to face. I decided that the senior members should bring a mobile phone with them rather than a pager because by using a mobile phone you can interact verbally whereas using a pager, all you would receive is text. I had to choose the suitable methods of communication that would be most convenient to the customer.

## Marketing

Marketing is the management process that is responsible for identifying products that would be likely to make a profit when sold and then selling these products to customers.

When marketing a product you need to consider the 4 Ps. Getting the mix right is essential to successfully market your product.

The 4 P's are:

- Product
- Price
- Place
- Promotion

Market research is the collecting of data, the aim of which is to understand better what is happening in the marketing place, as the marketing department of a firm needs to know about consumer's views and economic trends.

Primary data is data that you have gathered yourself, whereas secondary data is somebody else's data that you use.

Field, or primary research is when new data is obtained for a specific purpose, this can be provided by the marketing department of a firm. Data is usually gathered by surveys, (face-to-face, telephone, or by post.) An advantage of field research is that the firm can have control over the whole process, and it can be more effective, but it does take longer and will cost the firm more.

Desk, or secondary research is the use of existing, already collected data. This could be anything from Department of Trade and Industry reports to a company's sale statistics. Also company reports, government statistics, and surveys published by research organisations can be used as secondary sources of information. Desk research is quicker and cheaper than field research, but findings are not necessarily accurate or always relevant to your product.